

1-26-1999

Maine Workers' Compensation Board Monitoring Audit and Enforcement Program Pilot Project Report

Maine Workers' Compensation Board

Maine Bureau of Labor Standards

Maine Bureau of Insurance

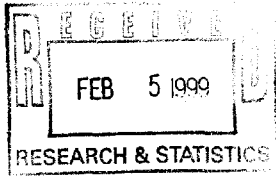
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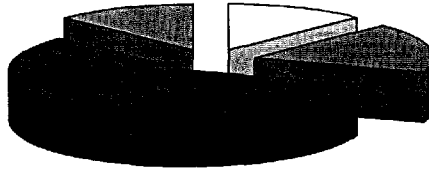
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MAINE WORKERS' COMPENSATION BOARD

Monitoring Audit & Enforcement Program



PILOT PROJECT REPORT

January 26, 1999

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Workers' Compensation Board

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Acknowledgments

This report reflects the efforts of a great many people over many months. First, we would like to thank all of the entities audited as part of this project. They were accommodating and cooperative.

In addition, we owe thanks to the many people who assisted in this project. Their names are listed below. We are grateful to all Board employees for their assistance and understanding throughout this project.

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MAINE WORKERS' COMPENSATION BOARD

Monitoring
Audit & Enforcement
Program

Pilot Project Report

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In 1997 the Legislature, with the support of the Governor, enacted P.L. 1997, Chapter 486 to supplement the Workers' Compensation Act of 1992. The legislation, which became effective September 19, 1997, provides a new Mission Statement for the Board that shifts the emphasis from dispute resolution to dispute prevention and compliance.

The Board's mission is to serve the employees and employers of the State fairly and expeditiously by ensuring compliance with the workers' compensation laws, ensuring the prompt delivery of benefits legally due, promoting the prevention of disputes, utilizing dispute resolution to reduce litigation and facilitating labor-management cooperation.

Chapter 486 mandates the establishment of a Monitoring, Audit and Enforcement Program (MAE Program) to ensure that all obligations under the Act are met, including the requirements of section 359. On June 2, 1998 the Workers' Compensation Board of Directors approved a MAE Program. It was agreed that the program be tested and phased in over time.

The first phase of the Program was intended to test the MAE Program and is referred to as the Pilot Project. The goals of the Pilot Project are to (1) test the proposed MAE Program, (2) measure and determine the WCB's current data collection and reporting capabilities and limitations, (3) report on the performance of the entire system and (4) educate the public about the program and what to expect following the pilot project.

The primary activity of the pilot project was to conduct on-site audits of randomly selected claim files for 1993 and 1997 dates of injury, exclusive. The Audit Division worked with the Bureau of Labor Standards to generate a statistically valid list of claim files to be audited, based upon lost time claims reported to the Board.

Early in the project 1993 claim file audits were discontinued, because the following factors made it nearly impossible to audit those files objectively: (1) Board data for 1993 claims is relatively more incomplete and inaccurate, (2) Audits of 1993 claims took considerably more time and placed an inordinate burden upon the audited entities and, (3) 1993 claims were processed without rules or adequate forms.

Four hundred eleven (411) claim files belonging to 48 entities were audited for 1997. Six of these claims had no workers' compensation insurance at the time of the injury. Audit candidates were randomly scheduled and notified in advance of the audit. The audited entities were very cooperative and accommodating.

This report reflects the results of indemnity benefit payments and form filings. The primary concern is the timely and accurate payment of indemnity benefits. Late and incorrect indemnity payments were found and are detailed in the report. Additional indemnity payments were made as a result of the audits. Form filings, although of secondary importance, are needed to provide timely and accurate information. Late or missing forms can result in late or incorrect indemnity payments and increased use of and delays in Board function.

The results contained in this report reveal that some indemnity benefits were paid late and inaccurately. Also, a significant amount of claims data cannot be recorded due to incomplete or missing forms. Although individual results are not reported, it should be noted that the results varied significantly among the entities audited.

An analysis of Board data demonstrates that data integrity is poor. Claims data had significant errors and omissions. Data collection efforts are predominantly manual and ineffective. Relevant data collection and reporting capabilities are limited. New technologies and programs presently being implemented should improve the Board's data integrity.

In conducting audits the Workers' Compensation Act, rules and protocols were utilized whenever possible. At times, results could not be determined and were placed in an "indeterminable" category. The reasons for inclusion in this category ranged from lack of information to a lack of protocols.

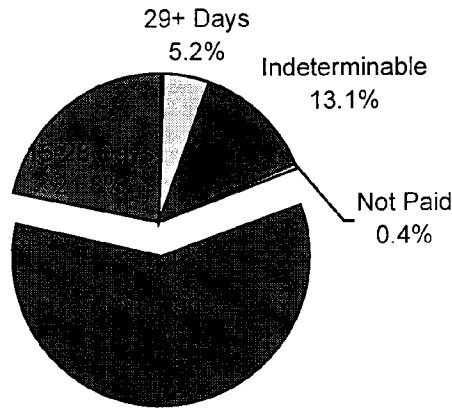
This report will enable the WCB to develop performance standards (baselines, benchmarks, etc.) after consultation with insurers, self-insurers, third-party administrators, employee groups and other appropriate parties. The performance standards will be utilized both in assessing the Maine workers' compensation system and providing accountability for the users of the system.

WCB staff deserves credit for some of the positive results noted in this report. Many hours were spent correcting indemnity benefit calculations and requesting missing forms and information.

A proactive monitoring program would help to ensure that indemnity benefits are paid in a timely and accurate manner. Field auditors will verify information being provided to the Board and perform other tasks yet to be determined. Enforcement procedures will encourage greater compliance.

This report attempts to provide an objective analysis of indemnity benefits and data collection activities for 1997 dates of injury. The findings of this report place a burden on the Workers' Compensation Board to effectively monitor, audit and enforce the Act. Now that the program has been tested the Board must commit to the full implementation and administration of a MAE Program, which will result in greater compliance with the Act.

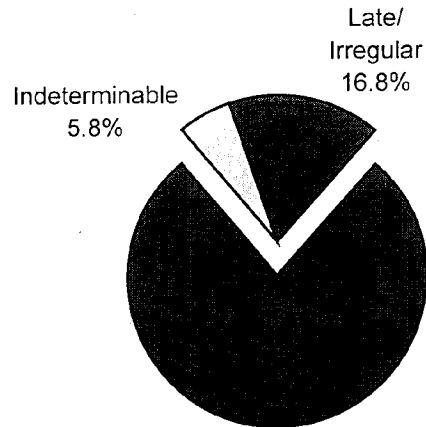
PAYMENT OF INITIAL INDEMNITY BENEFITS



The Act requires that initial indemnity payments be made within 14 days. The number of days is measured from the date of incapacity or employer's knowledge of the incapacity, whichever is greater, in accordance with Section 205(2) and established protocols. The chart indicates that 59.4% of initial indemnity payments were made on time.

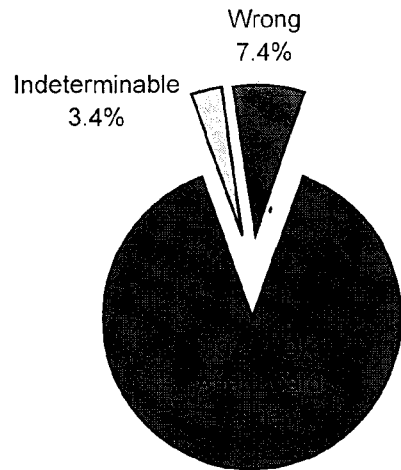
Initial and subsequent indemnity payments requiring a Memorandum of Payment (MOP) were used in this calculation. The indeterminable category consists of claims for partial incapacity/compensation that lacked sufficient information or guidelines; compensation paid after a Notice of Controversy but prior to mediation; and claims that involved salary continuation.

PAYMENT OF ONGOING INDEMNITY BENEFITS



The Act requires that continuing indemnity benefits be paid weekly. The number of days is measured from the date of the previous indemnity payment in accordance with Section 205(2). The chart indicates that compliance was achieved 77.4% of the time. Nearly 17% of all claims experienced one or more late payments.

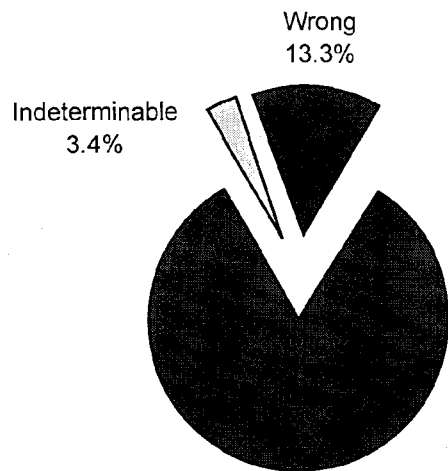
The category labeled indeterminable consists of claims for partial incapacity/compensation that lacked sufficient information or guidelines and claims that involved salary continuation.



The chart indicates compliance is 89.2% after the Board has reviewed the calculations for accuracy. Board staff reviews calculations and requests corrections in many cases. No verifiable evidence exists to determine the accuracy of the calculation prior to Board involvement.

The Wrong category consists primarily of under payments. The indeterminable category consists of claims with missing or insufficient wage information.

CALCULATION OF WEEKLY BENEFIT RATE



Weekly benefit rates are determined, for the most part, by looking up an average weekly wage in tables published by the Board. Most claims with an incorrect average weekly wage calculation will also have an incorrect weekly benefit rate. Comparing the chart to the left with the chart above reveals that the error rate for weekly benefit rates is higher than the error rate for average weekly wage calculations. Other factors caused the additional incorrect calculations.

The chart to the left represents the accuracy of the calculation after the Board has reviewed the calculations. No verifiable evidence exists to determine the accuracy of the calculation prior to Board involvement. The Wrong category consists primarily of under payments. The indeterminable category consists of claims with missing or insufficient wage information and claims with salary continuation.

Timely and accurate indemnity benefits are of primary importance. The information needed to monitor payment of benefits and generate reports is provided on Board approved forms. The form filing results will be used to determine what the Board needs to do in the future to address any deficiencies. The following forms were considered for inclusion in this project.

First Report of Occupational Injury or Illness (WCB-1):

Included in report. Protocols used.

Wage Statement (WCB-2):

Included in report. No protocol exists. Section 205(8) filing requirement was used.

Schedule of Dependent(s) and Filing Status Statement (WCB-2A):

Not included.

Memorandum of Payment (WCB-3):

Included in report. Protocols used.

Discontinuance or Modification of Compensation (WCB-4):

Included in report for illustrative purposes. No filing requirement or protocol exists.

Consent Between Employer and Employee (WCB-4A):

Not included.

Certificate Authorizing Release of Benefit Information (WCB-6):

Not included.

Certificate of Discontinuance or Reduction of Compensation (WCB-8):

Not included. Only twenty-six forms were filed which is not enough to consider a valid sample. Also, no protocols exist.

Notice of Controversy (WCB-9):

Included in report. Protocols used.

Lump Sum Settlement (WCB-10):

Not included.

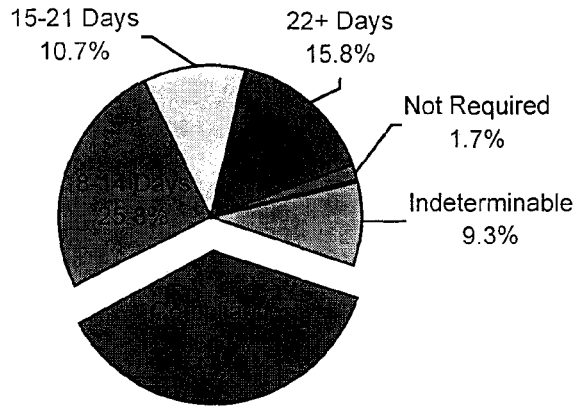
Statement of Compensation Paid (WCB-11):

Included in report. No protocols exist. Rule 8.1 filing requirement was used.

Employer's Supplemental Report (WCB-12):

Not included.

FIRST REPORT OF OCCUPATIONAL INJURY OR DISEASE

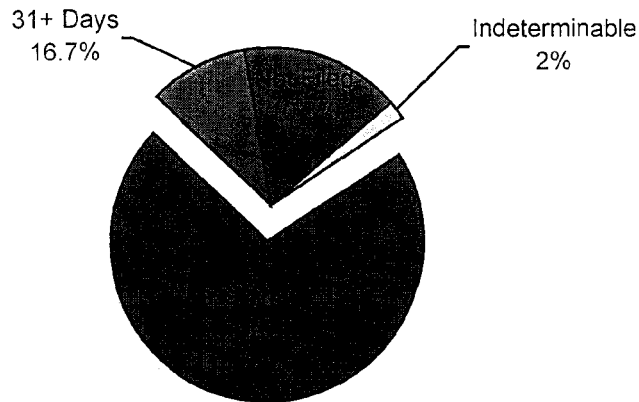


The Act requires employers to report injuries to the Board within 7 days. Late reporting can result in one or more of the following: late indemnity payments to injured employees, increased filings of Notice of Controversies, and delaying dispute resolution actions.

Audits were performed only on claims reported to the Board. The audit program was not designed to detect unreported injuries.

The chart to the left shows that only 36.7% of First Reports were filed within 7 days. Seven First Reports were filed but not required. The indeterminable category consists of First Reports that were not date stamped or were filed electronically with an indeterminable date stamp.

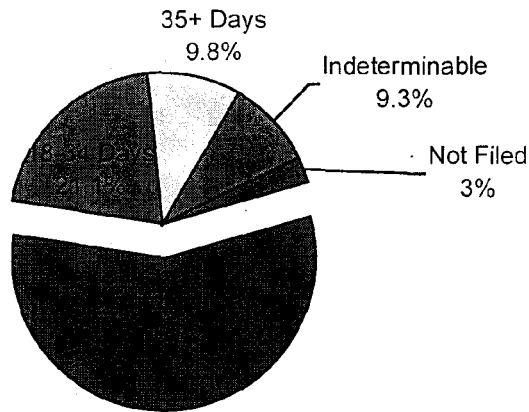
WAGE STATEMENTS



No protocol exists for this form. Section 205(8) of the Act was used in this calculation. The Benchmarking and Compliance group can utilize the results to promulgate protocols regarding filing requirements. Employers are required to file Wage Statements within 30 days after the initial indemnity payment. The information contained on this form is required by adjusters and the Board to determine an injured employee's average weekly wage. Failure to file this form in a timely manner can result in delays in the dispute resolution process.

Seventy-one percent of the forms were filed within 30 days as required. The category labeled indeterminable consists of cases in which the employee received salary continuation in lieu of compensation payments. Twenty-one forms were not filed.

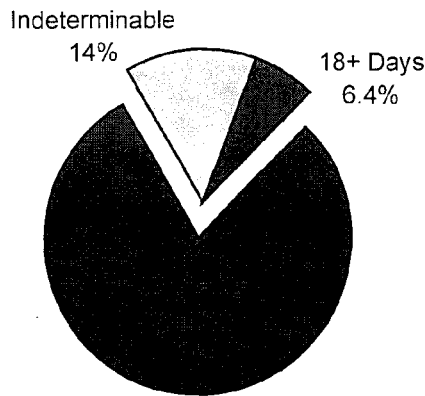
MEMORANDUM OF PAYMENT



A Memorandum of Payment (MOP) is used to report initial indemnity payments to the Board. The form should be mailed or delivered on or before the 14th day, but must be received at the board by the 17th day as required by protocol. Timely filing of this form is required to provide the Board with the information required to determine if indemnity payments were initiated and if they were timely.

The chart to the left shows that 56.8% of Memorandum of Payment forms were received within 17 days. The indeterminable category consists of forms filed: for partial compensation, partial incapacity, insufficient information, and compensation paid after resolution of a controversy prior to mediation.

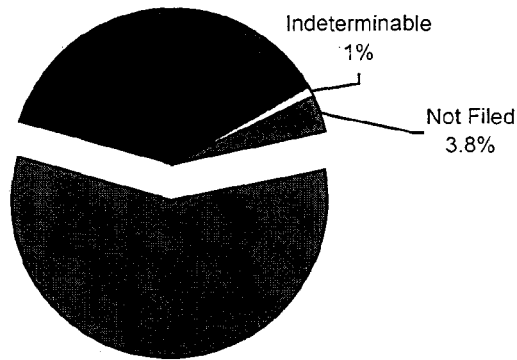
NOTICE OF CONTROVERSY



A Notice of Controversy must be mailed or delivered to the Board on or before the 14th day payment is due under section 205(2). Three mail days are provided for receipt by the Board. Failure to file this form timely can result in a mandatory payment to the injured employee up to the date of the filing of the form.

Nearly eighty percent of the forms were filed within 17 days as required. Comparing the filing timeliness of this form to the other forms suggests that penalties may encourage compliance. The category labeled indeterminable consists of cases in which the date(s) of incapacity were unknown or the date of the employer's notice of incapacity was unknown.

DISCONTINUANCE OR MODIFICATION OF COMPENSATION

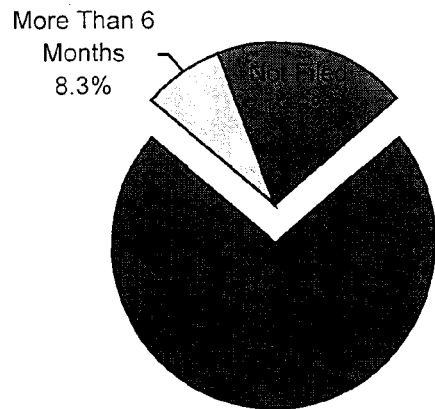


This form has no time filing requirements and is included for illustration purposes only. The Board, with the help of the Benchmarking and Compliance group, can use the results to promulgate protocols regarding filing requirements.

The Board needs the information contained on this form to monitor changes in indemnity benefit payments.

The chart to the left indicates that 18.6% of the forms were filed later than 28 days and 3.8% of the forms were not filed. The indeterminable category consists of forms that were not date stamped.

FILED WITHIN 6 MONTHS AFTER PAYMENT



No protocol exists for this form. Board Rule 8.1 filing requirement was used in this calculation. The Benchmarking and Compliance group can use the results to promulgate protocols regarding filing requirements.

This form is required within 6 months after the initial indemnity payment and at 6-month intervals thereafter as long as payments are being made. The information contained on this form is used by the Board and other State agencies to determine the cost of injuries. Failure to file this form timely can result in incomplete or inaccurate cost data.

The chart represents only claims where this form was required. The chart indicates that this form was not filed for 19.3% of those claims.

An attempt was made to measure the frequency and reason for controversies pursuant to the protocol by the same name. It is not possible to objectively determine this information without additional information, nor is it possible to calculate a MOP/NOC ratio. Protocols and the new NOC form should provide the necessary information in the future. However, while examining Notice of Controversy (WCB-9) forms, potential inefficiencies were discovered in the claim resolution process. Steps have been taken to address some of the inefficiencies.

As indicated in the table to the left, 24 of the 58 claims reported as resolved at troubleshooting involved little more than manually preparing and mailing letters. The insurer, prior to Troubleshooter involvement, paid 8 of the 58 claims reported as resolved. Also, Troubleshooter letters were not sent to employees promptly (Right Table). Delays in Troubleshooter letters may lengthen the dispute resolution process. Automation of Troubleshooter letters would help to increase the efficiency and efficacy of Troubleshooting.

	Dispute Resolution per:				Time From Filing Notice of Controversy to Date Troubleshooter Letter is Sent To Employee		
	Data Base	%	Audit	%		Number	%
Troubleshooter Sent Letter But Employee Did Not Pursue			24	26%	1 Week	13	14%
Insurer Paid Claim Prior to Troubleshooter Involvement			8	8.5%	2 Weeks	13	14%
Resolved at Troubleshooting	58	63%	26	28%	3 Weeks	12	13%
Resolved Prior to Mediation	2	2%	1	1%	4 Weeks	3	3%
Resolved at Mediation	14	15%	11	12%	5 Weeks	4	4%
Not Pursued Beyond Mediation	5	5%	8	8.5%	6 Weeks	6	7%
Resolved at Formal Hearing	3	3%	3	3%	7 Weeks	5	5%
Pending Decision	11	12%	12	13%	8+ Weeks	26	28%
					Unknown	11	12%
Total	93	100%	93	100%	Total	93	100%

Audit and Enforcement
§153(9)

“9. Audit and enforcement. The executive director shall establish an audit, enforcement and monitoring program by July 1, 1998, to ensure that all obligations under this Act are met, including the requirements of section 359. The functions of the audit and enforcement program include, but are not limited to auditing timeliness of payments and claims handling practices of insurers, self-insurers and 3rd-party administrators; determining whether insurers, self-insurers and 3rd-party administrators are unreasonably contesting claims; and ensuring that all reporting requirements to the board are met. The program must be coordinated with the abuse investigation unit established by section 13, subsection 5 as appropriate. The program must monitor activity and conduct audits pursuant to a schedule developed by the deputy director of benefits administration. At the end of each calendar quarter, the executive director shall prepare a compliance report summarizing the results of the audits and reviews conducted pursuant to this subsection. The executive director shall submit the quarterly compliance reports to the board, the Bureau of Insurance and the Director of the Bureau of Labor Standards within the Department of Labor. An annual summary must be provided to the Governor and to the joint standing committees of the Legislature having jurisdiction over labor and banking and insurance matters by February 15th of each year. The quarterly compliance reports and the annual summaries must be made available to the public following distribution.”

The Monitoring, Audit and Enforcement Program was submitted to the WCB on June 2, 1998. The WCB approved a Pilot Audit Program and upon review of the Pilot Project Report should approve the MAE Program in final form. The Board should produce quarterly compliance reports beginning with the first quarter of 1999. Due to data and technology problems quarterly compliance reports cannot be generated retroactively.

Workers' Compensation System Annual Report
§358-A (1)

The reporting requirements contained in the Act should be achieved through the MAE Program. They include the reporting requirement of Section 358-A (1) (See Appendix B)

Board Data Problems

An analysis of Board data as part of this project and by different groups has concluded that data integrity must be improved. The Agency Technology Officer, with the help of Programmers, is attempting to correct the problems. Forms have been and will continue to be revised in order to collect required information.

WCB form related data problems:

The audit revealed missing or incorrect Board date stamp on electronically and manually submitted forms. Programming deficiencies caused many electronically submitted forms to be incorrectly date stamped. The date stamp machines are not locked and the process lacks checks and controls to ensure that date stamps are correct. Forms were also found in Board files that were never entered into the database.

Insurer and Administrator problems:

Many claims were found with missing or incorrect insurer and third party administrator information.

Application edit check problems:

Many data integrity edit checks failed or were never developed. The problems were not identified timely and resulted in incorrect data, e.g. a 1789 date of injury.

Data storage and retrieval problems:

The Board's data is not all normalized. The same information is stored in different tables. However, one table may and often does have different information than the other table. It is not possible to generate accurate reports from data stored in this way.

The Board's data collection efforts are manual and ineffective. Staff has done a tremendous job attempting to review claims to ensure benefits are timely and accurate. However, the Board does not presently have in place an effective monitoring, audit and enforcement program. The WCB has before it a MAE Program. Should the program be approved and necessary resources allocated, the WCB could have an effective monitoring, audit and enforcement program.

Timing of the Paperwork Submission Process and Attorney Involvement

This topic is one of the protocols. The topic was not audited as part of this project.

Community Observations

The community appeared genuinely interested in how well they perform. Some entities performed very well and had made extraordinary efforts to comply with the Act. For example, some entities had a distinct habit of over paying indemnity benefits to ensure that the claimant received prompt payment. Conversely, some entities performed very poorly. The data gathered and the knowledge gained during this project can be used to help select future audit candidates.

APPENDIX A
SAMPLE METHODOLOGY AND RESULTS

The statistical formulae utilized for this report were obtained from "Elementary Survey Sampling, 4th ed." by Richard L. Schaeffer, William Mendeuhall and Lyman Ott.

Please direct any questions to Michael R. Nadeau, Audit Manager, Workers' Compensation Board, 287-7031.

Pilot Project Report

Sample Selection

Assumptions:

1. Since no prior knowledge of the proportion of compliance exists, the "worst-case" assumption was used. Letting "p" equal the proportion in compliance and "q" equal 1-p equal to the proportion not in compliance:

$$p = 0.5 \quad q = 0.5$$

2. No attempt was made to stratify the sample based on individual entity. All lost time claims reported to the Board had an equal chance of being selected.
3. Seasonality does not effect compliance. Therefore, systematic sampling was used.
4. A bound of 0.05 was acceptable.

Sample Size n:

$$n = Npq / (N-1) D + pq$$

$$D = B^2/4$$

Sample selection run on March 26, 1998.

Sample Methodology And Results

<u>Parameter Name</u>	<u>Value</u>
p	0.5
q = (1 - p)	0.5
p*q	0.25
B (alpha)	0.05
B ²	0.0025
N (Population Size)	13,000
D	0.000625
Npq	3250
(N - 1) D + pq	8.374375
Npq / (N - 1) D + pq	388.08866
Minimum Sample Size	389
Ratio (1 in...)	34
Actual Sample Size	411
Actual Ratio (1 in ...)	32

Pilot Project Report

Initial Indemnity Payment

Check Mailed Within:	Number	Percent
0-14 Days	136	59.39%
15-28 Days	50	21.83%
29+ Days	12	5.24%
INDETERMINABLE (IND)	30	13.10%
NOT PAID	1	0.44%
Total	229	100%

The numbers of days were measured from the date of incapacity or employer's knowledge, whichever is greater, in accordance with §205(2) and established protocols.

INDETERMINABLE: Partial compensation, partial incapacity, insufficient information, compensation paid after resolution of a controversy but prior to mediation and, salary continuation.

Confidence Interval for P:

$$p \pm Z_{\alpha/2} \sqrt{pq/n}$$

<u>Parameter Name</u>	<u>Value</u>
n(sample)	229
Desired Confidence	95%
$Z_{\alpha/2}$	1.96
p(compliance/n)	.5939
q=(1-p)	.4061
$Z_{\alpha/2} \sqrt{pq/n}$.0636
Confidence Interval	53.03% to 65.75%

Sample Methodology And Results

The number of days for payment to be made are listed below:

118	24	18	14	13	11	10	7	5	IND
62	24	17	14	13	11	9	7	5	IND
51	23	17	14	13	11	9	7	5	IND
48	22	17	14	13	11	9	7	4	IND
40	22	17	14	12	11	9	7	4	IND
38	21	17	13	12	11	9	7	4	IND
38	21	16	13	12	11	9	7	3	IND
33	21	16	13	12	11	9	7	2	IND
32	21	16	13	12	11	9	7	2	IND
32	20	16	13	12	11	9	7	2	IND
31	20	16	13	12	11	9	7	1	IND
29	19	16	13	12	11	8	7	1	IND
28	19	16	13	12	11	8	7	1	IND
28	19	15	13	12	11	8	6	0	IND
28	19	15	13	12	10	8	6	IND	IND
28	19	15	13	12	10	8	6	IND	IND
27	18	14	13	12	10	8	6	IND	IND
27	18	14	13	12	10	8	6	IND	IND
26	18	14	13	12	10	8	6	IND	IND
25	18	14	13	12	10	8	6	IND	IND
25	18	14	13	11	10	8	6	IND	IND
25	18	14	13	11	10	8	6	IND	NOT PAID
24	18	14	13	11	10	8	6	IND	

Pilot Project Report

Sample Methodology And Results

Calculation of Average Weekly Wage (AWW)

Calculation	Number	Percent
OK	181	89.16%
WRONG	15	7.39%
INDETERMINABLE (IND)	7	3.45%
Total	<u>203</u>	<u>100.00%</u>

INDETERMINABLE: No wage information or insufficient wage information.

Confidence Interval for P:

$$p \pm Z_{\alpha/2} \sqrt{pq/n}$$

<u>Parameter Name</u>	<u>Value</u>
n(sample)	203
Desired Confidence	95%
$Z_{\alpha/2}$	1.96
p(compliance/n)	.8916
q=(1-p)	.1084
$Z_{\alpha/2} \sqrt{pq/n}$.0428
Confidence Interval	84.88% to 93.44%

Data points are listed below:

OK	OK	OK	OK	OK	OK	OK	OK	OK	WRONG
OK	OK	OK	OK	OK	OK	OK	OK	OK	WRONG
OK	OK	OK	OK	OK	OK	OK	OK	OK	WRONG
OK	OK	OK	OK	OK	OK	OK	OK	OK	WRONG
OK	OK	OK	OK	OK	OK	OK	OK	OK	WRONG
OK	OK	OK	OK	OK	OK	OK	OK	OK	WRONG
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OK	OK	OK	OK	OK	OK	OK	OK	IND	
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OK	OK	OK	OK	OK	OK	OK	OK	IND	
OK	OK	OK	OK	OK	OK	OK	OK	OK	
OK	OK	OK	OK	OK	OK	OK	OK	OK	

Pilot Project Report

Sample Methodology And Results

Calculation of Weekly Indemnity Benefits

Calculation:	Number	Percent
OK	169	83.25%
WRONG	27	13.30%
INDETERMINABLE	7	3.45%
Total	203	100.00%

INDETERMINABLE: No wage information, insufficient wage information and salary continuation.

Confidence Interval for P:

$$p \pm Z_{\alpha/2} \sqrt{pq/n}$$

<u>Parameter Name</u>	<u>Value</u>
n(sample)	203
Desired Confidence	95%
$Z_{\alpha/2}$	1.96
p(compliance/n)	.8325
q=(1-p)	.1675
$Z_{\alpha/2} \sqrt{pq/n}$.0514
Confidence Interval	78.11% to 88.39%

Data points are listed below.

WRONG WRONG IND OK OK OK OK OK OK OK
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Pilot Project Report

First Report Of Occupational Injury or Disease (WCB-1)

Received	Within:	Number	Percent
0-7	Days	151	36.74%
8-14	Days	106	25.78%
15-21	Days	44	10.71%
22+	Days	65	15.82%
MO		7	1.70%
INDETERMINABLE (IND)		38	9.25%
Total		411	100.00%

The numbers of days were measured from the date of incapacity or employer's knowledge, whichever is greater, in accordance with §303 and established protocols.

MO: First Reports that were recorded as lost time at the Board, but in reality had no lost time.

INDETERMINABLE: First Reports that were not date stamped or were filed electronically with an indeterminable date stamp.

Confidence Interval for P: $p \pm Z_{\alpha/2} \sqrt{pq/n}$

Parameter Name	Value
n(sample)	411
Desired Confidence	95%
$Z_{\alpha/2}$	1.96
p(compliance/n)	.3674
q=(1-p)	.6326
$Z_{\alpha/2} \sqrt{pq/n}$.0466
Confidence Interval	32.08% to 41.40%

Sample Methodology And Results

The number of days for the form to be filed are listed below:

143	38	20	15	12	10	8	7	5	3	2	IND
132	35	20	15	12	10	8	7	5	3	2	IND
123	35	20	15	12	10	8	7	5	3	2	IND
122	35	20	15	12	10	8	7	5	3	1	IND
100	34	20	14	12	10	8	6	5	3	1	IND
92	34	19	14	12	10	7	6	5	3	1	IND
81	33	19	14	12	10	7	6	5	3	1	IND
77	32	19	14	12	10	7	6	5	3	1	IND
76	32	19	14	12	10	7	6	5	3	1	IND
73	32	19	14	11	9	7	6	5	3	1	IND
71	31	18	14	11	9	7	6	5	3	1	IND
69	31	18	14	11	9	7	6	5	3	1	IND
66	30	18	14	11	9	7	6	5	3	1	IND
64	30	18	13	11	9	7	6	4	3	1	IND
61	29	18	13	11	9	7	6	4	3	1	IND
61	29	18	13	11	9	7	6	4	2	0	IND
60	28	17	13	11	9	7	6	4	2	IND	IND
58	27	17	13	11	9	7	6	4	2	IND	IND
57	26	17	13	11	9	7	6	4	2	IND	IND
57	25	17	13	11	9	7	6	4	2	IND	MO
54	25	17	13	11	9	7	6	4	2	IND	MO
54	23	16	13	11	9	7	6	4	2	IND	MO
50	23	16	13	11	9	7	6	4	2	IND	MO
49	23	16	13	11	9	7	6	4	2	IND	MO
48	23	16	13	10	8	7	6	4	2	IND	MO
48	23	16	13	10	8	7	6	4	2	IND	MO
48	23	16	13	10	8	7	6	4	2	IND	
48	23	16	13	10	8	7	5	4	2	IND	
44	22	15	13	10	8	7	5	4	2	IND	
43	22	15	12	10	8	7	5	4	2	IND	
43	21	15	12	10	8	7	5	4	2	IND	
42	21	15	12	10	8	7	5	4	2	IND	
40	21	15	12	10	8	7	5	4	2	IND	
38	21	15	12	10	8	7	5	4	2	IND	
38	20	15	12	10	8	7	5	4	2	IND	

Pilot Project Report

Sample Methodology And Results

Wage Statement (WCB-2)

Received Within:	Number	Percent
0-30 Days	145	71.08%
31+ Days	34	16.67%
INDETERMINABLE (IND)	4	1.96%
NOT FILED	21	10.29%
Total	204	100.00%

The numbers of days were measured from the date of the first indemnity payment, in accordance with §205(8).

INDETERMINABLE: Claims in which the employee received salary continuation in lieu of compensation payments.

Confidence Interval for P:

$$p \pm Z_{\alpha/2} \sqrt{pq/n}$$

Parameter Name	Value
n(sample)	204
Desired Confidence	95%
$Z_{\alpha/2}$	1.96
p(compliance/n)	.7108
q=(1-p)	.2892
$Z_{\alpha/2} \sqrt{pq/n}$.0622
Confidence Interval	64.86% to 77.30%

The number of days for the form to be filed are listed below:

237	49	24	15	8	4	1	0	0	NOT FILED
211	49	24	14	7	4	1	0	0	NOT FILED
188	48	22	14	7	4	1	0	0	NOT FILED
156	44	21	14	7	3	1	0	0	NOT FILED
143	43	21	14	6	3	1	0	0	NOT FILED
138	43	21	13	6	3	1	0	0	NOT FILED
136	40	20	12	6	3	1	0	0	NOT FILED
128	39	20	11	6	3	1	0	0	NOT FILED
126	36	20	11	6	3	1	0	0	NOT FILED
125	35	20	11	6	3	0	0	0	NOT FILED
124	33	19	11	5	3	0	0	0	NOT FILED
112	33	19	10	5	3	0	0	IND	NOT FILED
109	33	19	9	5	3	0	0	IND	NOT FILED
98	30	19	9	5	3	0	0	IND	NOT FILED
79	28	19	9	5	3	0	0	IND	NOT FILED
73	28	17	8	4	3	0	0	0	NOT FILED
63	27	17	8	4	3	0	0	0	NOT FILED
61	27	17	8	4	2	0	0	0	NOT FILED
60	26	16	8	4	2	0	0	0	NOT FILED
56	26	15	8	4	2	0	0	0	NOT FILED
50	25	15	8	4	1	0	0	0	NOT FILED

Pilot Project Report

Sample Methodology And Results

Memorandum of Payment (WCB-3)

Received Within:	Number	Percent
0-17 Days	134	56.78%
18-34 Days	50	21.18%
35+ Days	23	9.75%
INDETERMINABLE (IND)	22	9.32%
NOT FILED	7	2.97%
Total	236	100.00%

The numbers of days were measured from the date of incapacity or employers knowledge, whichever is greater, in accordance with §205(7), Rule 1.1 and established protocols.

INDETERMINABLE: Partial compensation, partial incapacity, insufficient information, compensation paid after resolution of a controversy but prior to mediation, salary continuation and forms with no date stamp.

Confidence Interval for P:

$$p \pm Z_{\alpha/2} \sqrt{pq/n}$$

Parameter Name	Value
n(sample)	236
Desired Confidence	95%
$Z_{\alpha/2}$	1.96
p(compliance/n)	.5678
q=(1-p)	.4322
$Z_{\alpha/2} \sqrt{pq/n}$.0632
Confidence Interval	50.46% to 63.10%

The number of days for the form to be filed are listed below:

239	33	25	18	15	13	12	9	6	IND
150	32	24	17	15	13	12	9	6	IND
128	32	23	17	15	13	12	9	5	IND
125	31	22	17	15	13	12	9	4	IND
109	31	22	17	14	13	11	9	4	IND
105	31	21	17	14	13	11	9	4	IND
91	30	21	17	14	13	11	9	4	IND
84	30	21	17	14	13	11	9	4	IND
81	30	21	16	14	13	11	9	4	IND
76	29	21	16	14	13	11	8	3	IND
72	29	20	16	14	13	11	8	3	IND
60	29	20	16	14	13	11	8	3	IND
53	29	20	16	14	13	11	8	3	IND
51	29	20	16	14	13	11	8	2	NOT FILED
48	29	20	16	14	13	11	8	1	NOT FILED
48	29	20	16	14	12	11	7	IND	NOT FILED
45	29	19	16	14	12	11	7	IND	NOT FILED
42	28	19	16	14	12	10	7	IND	NOT FILED
41	28	19	15	14	12	10	6	IND	NOT FILED
39	28	19	15	14	12	10	6	IND	NOT FILED
36	27	19	15	14	12	10	6	IND	
36	27	19	15	14	12	10	6	IND	
35	25	18	15	13	12	10	6	IND	
34	25	18	15	13	12	9	6	IND	

Pilot Project Report

Sample Methodology And Results

Discontinuance or Modification of Compensation (WCB-4)

Received Within:	Number	Percent
0-14 Days	153	57.95%
15-28 Days	49	18.56%
29+ Days	49	18.56%
INDETERMINABLE (IND)	3	1.14%
NOT FILED	10	3.79%
Total	264	100.00%

The numbers of days were measured from the effective date of the form. There is no established protocol and no statutory or regulatory time limit for filing this form.

INDETERMINABLE: Forms that were not date stamped.

Confidence Interval for P:

$$p \pm Z_{\alpha/2} \sqrt{pq/n}$$

Parameter Name	Value
n(sample)	264
Desired Confidence	95%
$Z_{\alpha/2}$	1.96
p(compliance/n)	.5795
q=(1-p)	.4205
$Z_{\alpha/2} \sqrt{pq/n}$.0595
Confidence Interval	52.00% to 63.90%

The number of days for the form to be filed are listed below:

264	53	27	18	13	10	7	5	3	1
219	53	26	18	13	9	6	5	3	1
189	52	25	17	13	9	6	4	3	1
169	51	25	17	13	9	6	4	3	0
157	51	24	17	13	9	6	4	3	0
132	51	24	17	12	9	6	4	2	0
123	49	23	17	12	9	6	4	2	0
115	49	22	17	12	9	6	4	2	0
109	46	22	16	12	9	6	4	2	IND
106	42	22	16	12	9	6	4	2	IND
102	40	22	16	12	9	6	4	2	IND
101	38	21	16	11	9	6	4	2	NOT FILED
91	37	21	16	11	9	6	3	2	NOT FILED
89	37	21	16	11	8	6	3	2	NOT FILED
84	37	21	15	11	8	6	3	2	NOT FILED
84	33	21	15	11	8	5	3	2	NOT FILED
83	32	20	15	11	8	5	3	2	NOT FILED
78	32	20	14	11	8	5	3	2	NOT FILED
69	31	20	14	11	8	5	3	2	NOT FILED
67	30	19	14	11	7	5	3	1	NOT FILED
66	30	19	14	11	7	5	3	1	NOT FILED
65	30	19	14	10	7	5	3	1	
62	28	19	14	10	7	5	3	1	
60	28	19	14	10	7	5	3	1	
60	28	19	14	10	7	5	3	1	
56	27	19	13	10	7	5	3	1	
54	27	18	13	10	7	5	3	1	

Pilot Project Report

Sample Methodology And Results

Notice of Controversy (WCB-9)

Received Within:	Number	Percent
0-17 Days	74	79.57%
18+ Days	6	6.45%
INDETERMINABLE (IND)	13	13.98%
Total	93	100.00%

The numbers of days were measured from the date of incapacity or employer's knowledge, whichever is greater, in accordance with Rule 1.1 and established protocol.

INDETERMINABLE: Forms with unknown incapacity dates, and unknown date of employer's notice of incapacity.

Confidence Interval for P:

$$p \pm Z_{\alpha/2} \sqrt{pq/n}$$

Parameter Name	Value
n(sample)	93
Desired Confidence	95%
$Z_{\alpha/2}$	1.96
p(compliance/n)	.7957
q=(1-p)	.2043
$Z_{\alpha/2} \sqrt{pq/n}$.0819
Confidence Interval	71.38% to 87.76%

The number of days for the form to be filed are listed below:

126	15	14	12	11	10	9	7	5	IND
41	15	14	12	11	10	9	7	5	IND
29	15	14	12	11	10	9	7	5	IND
22	15	14	12	11	10	9	7	5	IND
21	15	14	12	11	10	8	6	4	IND
20	14	13	12	11	9	7	6	3	IND
17	14	13	12	11	9	7	6	3	IND
17	14	13	12	11	9	7	6	1	IND
16	14	13	12	10	9	7	6	IND	IND
							IND	IND	IND

Public Law 1997, Chapter 486

Audit and Enforcement
§153(9)

“9. Audit and enforcement. The executive director shall establish an audit, enforcement and monitoring program by July 1, 1998, to ensure that all obligations under this Act are met, including the requirements of section 359. The functions of the audit and enforcement program include, but are not limited to auditing timeliness of payments and claims handling practices of insurers, self-insurers and 3rd-party administrators; determining whether insurers, self-insurers and 3rd-party administrators are unreasonably contesting claims; and ensuring that all reporting requirements to the board are met. The program must be coordinated with the abuse investigation unit established by section 13, subsection 5 as appropriate. The program must monitor activity and conduct audits pursuant to a schedule developed by the deputy director of benefits administration. At the end of each calendar quarter, the executive director shall prepare a compliance report summarizing the results of the audits and reviews conducted pursuant to this subsection. The executive director shall submit the quarterly compliance reports to the board, the Bureau of Insurance and the Director of the Bureau of Labor Standards within the Department of Labor. An annual summary must be provided to the Governor and to the joint standing committees of the Legislature having jurisdiction over labor and banking and insurance matters by February 15th of each year. The quarterly compliance reports and the annual summaries must be made available to the public following distribution.”

Reports and Data Collection
§358-A (1)

“1. Workers’ compensation system annual report. The board in consultation with the Superintendent of Insurance and the Director of the Bureau of Labor Standards within the Department of Labor, shall submit an annual report to the Governor and the joint standing committees of the Legislature having jurisdiction over labor and banking and insurance matters by February 15th of each year regarding the status of the workers’ compensation system. At a minimum, the report must include an assessment of the board’s implementation of the following provisions:

- A) The number of individual cases monitored to ensure the provision of benefits in accordance with law, pursuant to section 152, subsection 10;
- B) The number of cases monitored to ensure the payments are initiated within the time limits of sections 205 and 324 and the adequacy of compensation provided pursuant to section 153, subsection 1;
- C) The number of investigations performed pursuant to section 153, subsection 7;
- D) The number of lump-sum settlements cases monitored and a summary of postsettlement employment experience pursuant to section 352, subsection 1;

Pilot Project Report

Public Law 1997, Chapter 486

- E) The number of audits performed and an assessment of compliance with this Act based on audit results pursuant to section 359, subsection 1;
- F) The number of penalties assessed and the reasons for the assessments pursuant to section 205, subsection 3; section 313, subsection 4; section 324, subsections 2 and 3; section 359, subsection 2; and section 360; and
- G) The results of the monitoring program giving side-by-side information compilations for the past 5 years pursuant to section 359, subsection 3.

The report must contain specific data regarding compliance, including benchmarks measuring individual insurer's, self-insurer's, or 3rd-party administrator's compliance with the provisions of this Act and any penalties assessed. Benchmarks must be developed by the board with input from insurers, self-insurers and 3rd-party administrators and other parties the board considers appropriate. The board shall also report on the utilization of troubleshooters, advocates and retained legal counsel, with correlating outcomes."